

ORDER NO. 1421

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;
Nanci E. Langley, Vice Chairman;
Mark Acton;
Tony Hammond; and
Robert G. Taub

Competitive Product Prices
Express Mail & Priority Mail Contract 7 (MC2009-32)
Negotiated Service Agreement

Docket No. CP2009-43

ORDER APPROVING AMENDMENT TO EXPRESS MAIL & PRIORITY MAIL
CONTRACT 7 NEGOTIATED SERVICE AGREEMENT

(Issued July 31, 2012)

I. INTRODUCTION

The Postal Service proposes an amendment to Express Mail & Priority Mail Contract 7.¹ For the reasons discussed below, the Commission approves the proposed Amendment.

¹ Notice of United States Postal Service of Change in Termination Date Pursuant to Amendment to Express Mail & Priority Mail Contract 7, July 19, 2012 (Notice). The Amendment is attached to the Notice (Amendment).

II. BACKGROUND

In Order No. 256, the Commission approved the original Express Mail & Priority Mail Contract 7.² On July 19, 2012, the Postal Service filed notice that it has agreed to an amendment to the existing Express Mail & Priority Mail Contract 7 that affects prices. The Amendment, which accompanies the Notice, also extends the contract's termination date to the effective date of the Postal Service's annual change in prices of general applicability for Priority Mail and Express Mail scheduled for January 2013.

The Postal Service intends for the Amendment to become effective on the date that the Commission completes its review of the instant filing. The Postal Service also filed supporting financial documentation with its Notice which it asserts is in compliance with 39 CFR 3015.5.

III. COMMENTS

Comments were filed by the Public Representative.³ No other interested person submitted comments. The Public Representative concludes that the change in termination date of the Express Mail & Priority Mail Contract 7 does not alter the contracts ability to satisfy the applicable statutory criteria of sections 3633(a) and 3642(b). She believes that the Postal Service's financial models demonstrate that the rates in the amended Express Mail & Priority Mail Contract 7 conform to the requirements of 39 U.S.C. 3633(a). PR Comments at 1-2.

IV. COMMISSION ANALYSIS

The Commission has reviewed the Notice, the accompanying materials filed under seal, and the comments filed by the Public Representative.

² See Docket Nos. MC2009-32 and CP2009-43, Order Concerning Express Mail & Priority Mail Contract 7 Negotiated Service Agreement, July 27, 2009 (Order No. 256).

³ Public Representative Comments, July 27, 2012 (PR Comments).

Cost considerations. The Commission reviews competitive product prices to ensure that they meet applicable requirements of 39 U.S.C. 3633(a) and 39 CFR 3015.7. The Commission finds that the contract as amended comports with the provisions applicable to rates for competitive products in 39 U.S.C. 3633(a) and 39 CFR 3015.7. Accordingly, the Commission approves the Amendment.

Other considerations. The Postal Service states that the Amendment shall become effective on the date of the Commission's completion of its review. If the effective date should change, it shall promptly notify the Commission of the effective date of the Amendment. The Postal Service shall notify the Commission if the Express Mail & Priority Mail Contract 7, as amended, terminates before its scheduled termination date.

Within 30 days of the expiration of the instant contract, the Postal Service shall file the annual (by contract year) costs, volumes, and revenues disaggregated by weight and zone associated with the contract.

In conclusion, the Commission approves the proposed Amendment to Express Mail & Priority Mail Contract 7.

V. ORDERING PARAGRAPHS

It is ordered:

1. As set forth in the body of this Order, the Commission approves the proposed Amendment to Express Mail & Priority Mail Contract 7.
2. The Postal Service shall promptly notify the Commission if the effective date of the Amendment changes.
3. The Postal Service shall notify the Commission if the Express Mail & Priority Mail Contract 7, as amended, terminates before its scheduled termination date.

4. Within 30 days after the Express Mail & Priority Mail Contract 7, as amended, terminates, the Postal Service shall file the annual (contract year) costs, volumes, and revenues disaggregated by weight and zone associated with the contract.

By the Commission.

Shoshana M. Grove
Secretary